

**Final Statement of Reasons for the Adoption of the
Proposed Amendments to California Code of Regulations,
Title 18, Division 2.1, *Rules for Tax Appeals*,
Chapter 2, *Sales and Use Tax, Timber Yield Tax, and Special Taxes and Fees*,
Chapter 3, *Property Taxes*,
Chapter 4, *Appeals from Actions of the Franchise Tax Board*, and
Chapter 5, *General Board Hearing Procedures***

Update of Information in the Initial Statement of Reasons

The factual basis, specific purposes, and necessity for, the problems to be addressed by, and the anticipated benefits from the adoption of the proposed amendments to California Code of Regulations, title 18, division 2.1, *Rules for Tax Appeals* (RTA), chapter 2, *Sales and Use Tax, Timber Yield Tax, and Special Taxes and Fees*, chapter 3, *Property Taxes*, chapter 4, *Appeals from Actions of the Franchise Tax Board*, and chapter 5, *General Board Hearing Procedures*, are the same as provided in the initial statement of reasons. The State Board of Equalization (Board) did not make any changes to the text of the proposed amendments prior to the Board's adoption of the proposed amendments at the conclusion of the November 19, 2013, public hearing.

The Board anticipates that the Board and interested parties, including taxpayers, will benefit from the proposed amendments to the RTA to incorporate and implement, interpret, and make specific the publication requirements of Revenue and Taxation Code (RTC) section 40 because the proposed amendments clearly and concisely explain how the Board will implement and comply with RTC section 40's publication requirements, and increase transparency in government. The adoption of the proposed amendments to the RTA to incorporate and implement, interpret, and make specific the publication requirements of RTC section 40 was not mandated by federal law or regulations. There is no previously adopted or amended federal regulation that is identical to current RTA sections (Regulations) 5311, *Definitions*, 5451, *Summary Decisions*, 5452, *Formal Opinions*, 5511, *Definitions*, 5551, *Voting and Decisions*, 5573, *Waiver of Confidentiality*, or 5574, *Request for Portion of Oral Hearing Conducted During Closed Session*, or proposed RTA Regulation 5552, *Publication*.

The Board also anticipates that the Board and interested parties, including taxpayers, will benefit from the additional proposed amendments to RTA chapters 2 through 5 because the amendments:

- Avoid potential confusion by making RTA chapters 2 through 4 consistent with the amendments being made to RTA chapter 5 to incorporate and implement, interpret, and make specific RTC section 40's publication requirements;

- Address the historical clean-up and housekeeping problems described in the initial statement of reasons, and
- Increase transparency in government by providing more detailed explanations of the Board's administrative and appellate review processes.

The adoption of the additional proposed amendments to RTA chapters 2 through 5 was not mandated by federal law or regulations. There is no previously adopted or amended federal regulation that is identical to current RTA Regulations 5200, *Application of Chapter 2 and Definitions*, 5212, *Contents of Petitions for Redetermination*, and *Supporting Arguments and Evidence*, 5215, *Scope of Petitions for Redetermination Filed Under Hazardous Substance Tax Law*, 5215.4, *Scope of Petitions for Redetermination Filed Under Covered Electronic Waste Recycling Fee*, 5215.6, *Scope of Petitions for Redetermination Filed Under Water Rights Fee Law*, 5216, *Filing Petitions for Redetermination*, 5217, *Assignment and Acknowledgment of Petitions for Redetermination*, 5218, *Review of the Petition by the Assigned Section*, 5219, *Mailing the Summary Analysis and Scheduling the Appeals Conference*, 5220, *Premature or Untimely Petition May Be Treated as an Administrative Protest*, 5222, *Persons Who May File a Petition for Redetermination of a Jeopardy Determination*, 5224, *Review of Petition for Redetermination of Jeopardy Determination*, 5225, *Persons Who May File an Application for Administrative Hearing; Manner of Filing; and Consolidation with Petition*, 5230, *Persons Who May File a Claim for Refund; Limitations on Certain Claims*, 5233, *Filing Claims for Refund*, 5235, *Action on the Claim for Refund*, 5237, *Board Approval Required for Refunds Over \$100,000*, 5240, *Persons Who May File, Contents of, and Manner of Filing Requests for Innocent Spouse Relief (Sales and Use Tax, Including State-Administered Local Sales, Transactions, and Use Taxes)*, 5241, *Acknowledgement and Review of Requests for Innocent Spouse Relief*, 5242, *Requests for Reconsideration by the Board*, 5247, *Authority to Grant Relief Due to Reasonable Reliance on Written Advice and Contents of Requests for Relief Due to Reasonable Reliance on Written Advice*, 5250, *Filing and Reviewing Claims and Inquiries Regarding Incorrect or Non-Distribution of Local or District Taxes*, 5262, *Requests to Reschedule or Postpone Appeals Conferences*, 5264, *Conducting the Appeals Conference; Parties to the Appeals Conference; Nature of the Appeals Conference; Failure to Appear*, 5266, *Appeals Staff Recommendations; Requests for Reconsideration; Requests for Oral Hearings*, 5267, *Issuance of Post Appeals Conference Notices*, 5270, *Requirements for Briefs; Briefing Schedule; Non-Party Briefs; Additional Briefing*, 5311, *Definitions*, 5322, *Information Available to Assesseees; Assessment Factor Hearings*, 5323.6, *Submission of Petition*, 5323.8, *Duplicate Petitions*, 5324, *Timeliness of Petition*, 5325.6, *Prehearing Review of All other Petitions*, 5332, *Time of Filing of Application*, 5332.6, *Submission of Application and Board-Appraised Property*, 5333, *Time for Filing of Petitions*, 5333.4, *Contents of Petition*, 5333.6, *Submission of Petition*, 5334, *Time for Filing of Petitions*, 5334.4, *Contents of the Petition*, 5334.6, *Submission of Petition*, 5335, *Submission of Petitions, Briefs, and Related Documents*, 5336.5, *Perfecting a Petition*, 5345, *Finality of Board Action; Written Findings and Decision*, 5421, *Methods for Delivery of Written Documents and Correspondence*, 5435, *Additional Briefing*, 5444, *Hearing Summary*, 5450, *Letter Decisions*, 5451, *Summary Decisions*, 5452, *Formal Opinions*, 5460, *Finality of Decision*, 5463, *Decisions on Petitions for Rehearing*, 5510,

General Application of Chapter 5, 5512, Construction, 5522.8, Dismissal, Deferral, and Postponement, 5523.6, Presentation of Evidence or Exhibits, 5561, Petition for Rehearing, 5562, Recommendation on Petition for Rehearing, 5563, Rehearings, or 5570, Mailing Address, or proposed RTA Regulations 5255, Cigarette and Tobacco Products Licensing Act Appeals, 5256, Petitions for Recovery of Seized Cigarette and Tobacco Products, or 5453, Notice of Board's Determination.

The Board did not rely on any data or any technical, theoretical, or empirical study, report, or similar document in proposing or adopting the proposed amendments to RTA chapters 2 through 5 that was not identified in the initial statement of reasons, or which was otherwise not identified or made available for public review prior to the close of the public comment period.

In addition, the factual basis has not changed for the Board's initial determination that the proposed regulatory action will not have a significant adverse economic impact on business and the Board's economic impact assessment, which determined that the Board's proposed regulatory action:

- Will neither create nor eliminate jobs in the State of California;
- Nor result in the elimination of existing businesses;
- Nor create or expand business in the State of California; and
- Will not affect the health and welfare of California residents, worker safety, or the state's environment.

The proposed regulation may affect small business.

No Mandate on Local Agencies or School Districts

The Board has determined that the adoption of the proposed amendments to RTA chapters 2 through 5 does not impose a mandate on local agencies or school districts.

Public Comments

The Board did not receive any written comments regarding the proposed regulatory action and no interested parties appeared at the November 19, 2013, public hearing to comment on the proposed regulatory action.

Determinations Regarding Alternatives

By its motion on November 19, 2013, the Board determined that no alternative to the proposed amendments to RTA chapters 2 through 5 would be more effective in carrying out the purposes for which the amendments are proposed, would be as effective and less burdensome to affected private persons than the adopted amendments, or would be more cost effective to affected private persons and equally effective in implementing the statutory policy or other provisions of law.

The Board did not reject any reasonable alternatives to the proposed amendments to RTA chapters 2 through 5 that would lessen any adverse impact the proposed amendments may have on small business.

No reasonable alternatives have been identified and brought to the Board's attention that would lessen any adverse impact the proposed action may have on small business, be more effective in carrying out the purposes for which the action is proposed, would be as effective and less burdensome to affected private persons than the proposed action, or would be more cost effective to affected private persons and equally effective in implementing the statutory policy or other provision of law than the proposed action.